

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: \_\_\_\_\_

Chapter 11 Case No.

**Lehman Brothers Holdings Inc., et al.,**

08-13555

\_\_\_\_\_  
Debtors.

**OCTOBER 2015 POST-EFFECTIVE OPERATING REPORT**

OCTOBER 2, 2015 – OCTOBER 31, 2015

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF PROFESSIONAL FEE AND EXPENSE DISBURSEMENTS

DEBTORS' ADDRESS: LEHMAN BROTHERS HOLDINGS INC.  
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1271 AVENUE OF THE AMERICAS  
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DEBTORS' ATTORNEYS: WEIL, GOTSHAL & MANGES LLP  
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REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: November 25, 2015

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**SCHEDULE OF DEBTORS**

The following entities (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. The Debtors’ Chapter 11 cases remain open as of the date hereof.

	<u>Case No.</u>	<u>Date Filed</u>
Lehman Brothers Holdings Inc. (“LBHI”) .....	08-13555	9/15/2008
LB 745 LLC.....	08-13600	9/16/2008
PAMI Statler Arms LLC.....	08-13664	9/23/2008
Lehman Brothers Commodity Services Inc. (“LBCS”) .....	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”) .....	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”) .....	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”) .....	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”) .....	08-13902	10/5/2008
Lehman Scottish Finance L.P. ....	08-13904	10/5/2008
CES Aviation LLC .....	08-13905	10/5/2008
CES Aviation V LLC.....	08-13906	10/5/2008
CES Aviation IX LLC .....	08-13907	10/5/2008
East Dover Limited .....	08-13908	10/5/2008
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009
BNC Mortgage LLC .....	09-10137	1/9/2009
LB Rose Ranch LLC .....	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009
LB 2080 Kalakaua Owners LLC .....	09-12516	4/23/2009
Merit LLC .....	09-17331	12/14/2009
LB Somerset LLC.....	09-17503	12/22/2009
LB Preferred Somerset LLC.....	09-17505	12/22/2009

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

**Please email questions, with document references as relevant, to:**

**[QUESTIONS@lehmanholdings.com](mailto:QUESTIONS@lehmanholdings.com)**

**The Company’s previously posted responses can be found on the Epiq website maintained for the Company:**

**[www.lehman-docket.com](http://www.lehman-docket.com) under Key Documents**

**LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED ENTITIES****BASIS OF PRESENTATION  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
OCTOBER 2, 2015 – OCTOBER 31, 2015**

The information and data included in this October 2015 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

**Other items:**

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
  - Cash posted as collateral for hedging activity; and
  - Cash held at real estate owned properties or at third party real estate managers.

5. Restricted cash balances are based on preliminary estimates and are comprised of the following items as of October 31, 2015:

(\$ in millions)	Debtors					Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total		
Reserves for Claims:							
Disputed unsecured claims <sup>(1)</sup>	\$ 1,167	\$ 1,006	\$ 16	\$ 291	\$ 2,480	\$ -	\$ 2,480
Tax claims <sup>(2)</sup>	0	25	-	4	29	-	29
Distributions on Allowed Claims (not remitted) <sup>(3)</sup>	90	0	0	0	91	-	91
Secured, Admin, Priority Claims and Other	58	27	13	20	118	-	118
Subtotal, Claims Reserves	1,315	1,058	29	315	2,718	-	2,718
Cash pledged to JPMorgan (CDA) <sup>(4)</sup>	76	-	-	-	76	-	76
Citigroup and HSBC <sup>(5)</sup>	2,034	-	-	-	2,034	-	2,034
Other <sup>(6)</sup>	182	1	0	25	207	71	279
<b>Total</b>	<b>\$ 3,608</b>	<b>\$ 1,059</b>	<b>\$ 30</b>	<b>\$ 339</b>	<b>\$ 5,036</b>	<b>\$ 71</b>	<b>\$ 5,107</b>

Totals may not foot due to rounding.

- (1) Represents the cash reserve for the principal amount of the disputed unsecured claims subsequent to the eighth Plan distribution on October 1, 2015.
- (2) The \$29 million at LBSF and LBCC represents the cash reserve for non-income tax issues.
- (3) Includes (i) \$73 million related to claimants subject to Office of Foreign Asset Control (“OFAC”), and (ii) \$18 million related to other open items.
- (4) Represents \$76 million of cash deposited into accounts by LBHI and pledged to JPMorgan (and its affiliates, “JPM”) pursuant to paragraph 6(b) of the Collateral Disposition Agreement (“CDA”) with JPM effective March 31, 2010; related to, but not limited to, clearance exposures and derivative exposures pending resolution of these items.
- (5) Represents cash deposited on or prior to September 15, 2008 by the Company in connection with certain requests and/or documents executed by the Company and Citibank N.A. of approximately \$2 billion and HSBC Bank PLC of \$26 million, including interest earned thereon. The Company is in discussion with HSBC Bank and commenced litigation against Citigroup regarding these deposits, among other things.
- (6) Other includes (i) various pre-petition balances on administrative hold by certain financial institutions of \$89 million; (ii) asserted misdirected wires and other cash received by LBHI for the benefit of third parties and Non-Controlled Affiliates of approximately \$55 million; and (iii) other miscellaneous items of \$135 million.

Restricted cash balances herein do not include other cash reserves required for operating expenses, asset preservation and other commitments (e.g. anticipated investments).

**LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities**  
**Summary Schedule of Cash Receipts and Disbursements**  
**October 2, 2015 - October 31, 2015**

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

	Debtors					Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total	Total	
<b>Beginning Free Cash and Investments (10/02/15)</b>	\$ 69	\$ 14	\$ 17	\$ 276	\$ 375	\$ 313	\$ 688
Restricted Cash	3,611	1,059	30	339	5,038	77	5,115
<b>Beginning Total Cash and Investments</b>	<b>3,679</b>	<b>1,073</b>	<b>46</b>	<b>615</b>	<b>5,413</b>	<b>390</b>	<b>5,803</b>
<b>Sources of Cash</b>							
Commercial Real Estate	3	-	3	-	6	2	8
Loans (Corporate and Residential)	3	-	0	-	3	0	4
Private Equity / Principal Investing	1	-	-	-	1	0	1
Derivatives	-	7	-	10	17	-	17
Receipts from Affiliates	3	4	-	0	7	0	7
Other	0	1	2	0	3	0	3
<b>Total Sources of Cash</b>	<b>11</b>	<b>11</b>	<b>5</b>	<b>10</b>	<b>37</b>	<b>3</b>	<b>40</b>
<b>Uses of Cash</b>							
Non-Operating							
Commercial Real Estate	(0)	-	2	-	2	(1)	1
Loans (Corporate and Residential)	(0)	-	-	-	(0)	-	(0)
Payments to Creditors	3	-	-	-	3	-	3
Other	(5)	-	-	-	(5)	-	(5)
Operating Expenses	(28)	(0)	(0)	(0)	(28)	(2)	(30)
<b>Total Uses of Cash</b>	<b>(30)</b>	<b>(0)</b>	<b>2</b>	<b>(0)</b>	<b>(29)</b>	<b>(3)</b>	<b>(31)</b>
<b>Net Cash Flow</b>	<b>(19)</b>	<b>11</b>	<b>6</b>	<b>10</b>	<b>8</b>	<b>0</b>	<b>9</b>
Inter-Company Transfers, Net	44	-	0	(50)	(6)	6	0
Other	-	-	-	-	-	(0)	(0)
FX Fluctuation	(1)	0	0	(0)	(1)	0	(0)
<b>Ending Total Cash and Investments</b>	<b>3,704</b>	<b>1,084</b>	<b>53</b>	<b>575</b>	<b>5,415</b>	<b>396</b>	<b>5,812</b>
Restricted Cash	(3,608)	(1,059)	(30)	(339)	(5,036)	(71)	(5,107)
<b>Ending Free Cash and Investments (10/31/15)</b>	<b>\$ 96</b>	<b>\$ 25</b>	<b>\$ 23</b>	<b>\$ 236</b>	<b>\$ 380</b>	<b>\$ 325</b>	<b>\$ 705</b>

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0".  
Totals may not foot due to rounding.

**LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities**  
**Schedule of Cash Receipts and Disbursements**  
**October 2, 2015 - October 31, 2015**

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

	Debtors						Debtor- Controlled Entities	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total	Other	Total	
<b>Beginning Free Cash and Investments (10/02/15)</b>	<b>\$ 69</b>	<b>\$ 14</b>	<b>\$ 17</b>	<b>\$ 276</b>	<b>\$ 375</b>	<b>\$ 297</b>	<b>\$ 313</b>	<b>\$ 688</b>
Restricted Cash	3,611	1,059	30	339	5,038	77	77	5,115
<b>Beginning Total Cash and Investments</b>	<b>3,679</b>	<b>1,073</b>	<b>46</b>	<b>615</b>	<b>5,413</b>	<b>374</b>	<b>390</b>	<b>5,803</b>
<b>Sources of Cash</b>								
Commercial Real Estate								
Principal	3	-	3	-	6	1	2	7
Interest	0	-	0	-	0	-	1	1
Loans (Corporate and Residential)								
Principal	1	-	0	-	1	0	0	2
Interest	2	-	0	-	2	0	0	2
Private Equity / Principal Investing								
Principal	1	-	-	-	1	0	0	1
Derivatives								
Return / (Posting) of Hedging Collateral, net	-	1	-	-	1	-	-	1
Collections from Live / Terminated Trades	-	6	-	10	15	-	-	15
Receipts from Affiliates								
Distributions from Non-Controlled Affiliates	3	4	-	0	7	0	0	7
Other								
Other	0	1	2	0	3	0	0	3
<b>Total Sources of Cash</b>	<b>11</b>	<b>11</b>	<b>5</b>	<b>10</b>	<b>37</b>	<b>1</b>	<b>3</b>	<b>40</b>

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0".  
Totals may not foot due to rounding.

**LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities**  
**Schedule of Cash Receipts and Disbursements**  
**October 2, 2015 - October 31, 2015**

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

	Debtors					Debtor- Controlled Entities Total	Total Debtors and Debtor- Controlled Entities
	LBHI	LBSF	LCPI	Other	Total		
<b>Uses of Cash</b>							
Non-Operating							
Commercial Real Estate							
Preservation of Assets	(0)	-	2	-	2	(0)	1
Loans (Corporate and Residential)							
Preservation of Assets	(0)	-	-	-	(0)	-	(0)
Payments to Creditors							
Plan Distributions	3	-	-	-	3	-	3
Payments to Creditors	(0)	-	-	-	(0)	-	(0)
Other							
Other	(5)	-	-	-	(5)	-	(5)
Operating Expenses	(a)						
Compensation and Benefits	(b) (4)	-	-	-	(4)	(1)	(5)
Professional Fees	(21)	-	-	(0)	(21)	(0)	(21)
Other	(c) (3)	(0)	(0)	(0)	(3)	(1)	(4)
<b>Total Uses of Cash</b>	<b>(30)</b>	<b>(0)</b>	<b>2</b>	<b>(0)</b>	<b>(29)</b>	<b>(3)</b>	<b>(31)</b>
<b>Net Cash Flow</b>	<b>(19)</b>	<b>11</b>	<b>6</b>	<b>10</b>	<b>8</b>	<b>(1)</b>	<b>9</b>
Inter-Company Receipts	(d) 51	-	0	-	51	11	63
Inter-Company Disbursements	(d) (6)	-	(0)	(50)	(57)	(6)	(63)
Other	-	-	-	-	-	(0)	(0)
FX Fluctuation	(1)	0	0	(0)	(1)	0	(0)
<b>Ending Total Cash and Investments</b>	<b>(e) 3,704</b>	<b>1,084</b>	<b>53</b>	<b>575</b>	<b>5,415</b>	<b>377</b>	<b>5,812</b>
Restricted Cash	(3,608)	(1,059)	(30)	(339)	(5,036)	(71)	(5,107)
<b>Ending Free Cash and Investments (10/31/15)</b>	<b>\$ 96</b>	<b>\$ 25</b>	<b>\$ 23</b>	<b>\$ 236</b>	<b>\$ 380</b>	<b>\$ 306</b>	<b>\$ 705</b>

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0".



**LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities**  
**Schedule of Cash Receipts and Disbursements**  
**October 2, 2015 - October 31, 2015**

Unaudited (\$)

**Notes:**

- (a) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Controlled Entities.
- (b) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).
- (c) Operating Expenses - Other includes payments related to outsourced services, IT, occupancy, taxes, insurance and other general administrative items.
- (d) Inter-Company Receipts and Disbursements primarily include a loan from LBDP to LBHI of \$50 million, secured by LBHI assets. Intercompany transfers also include partial repayments on intercompany balances and other administrative activities.
- (e) Ending Total Cash and Investments for Debtor-Controlled Entities - Other includes \$52 million of cash balances at Debtor-Controlled Entities in Asia.

**LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED ENTITIES**

**BASIS OF PRESENTATION  
SCHEDULE OF PROFESSIONAL FEE AND EXPENSE DISBURSEMENTS  
OCTOBER 2, 2015 – OCTOBER 31, 2015**

The information and data included in this October 2015 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities had filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, including certain information as required by the Office of the United States Trustee, based on the information available to LBHI at this time, but note that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future.
2. The professional fee disbursements presented in this report reflect the date of actual cash payments to professional service providers. The Company has incurred additional professional fee expenses during the reporting period that will be reflected in future Operating Reports as cash payments are made to providers.
3. The professional fee disbursements presented in this report have primarily been paid by LBHI; a portion of these fees have been and will be allocated to Debtors and certain Controlled Entities based on the dedicated costs associated with each entity and an allocation methodology.

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities  
Schedule of Professional Fee and Expense Disbursements  
October 2015 (a)

Unaudited (\$ in thousands)

		Oct-15	Year-to-date
Alvarez & Marsal LLC	Interim Management	\$ 1,560	16,594
<b>Professional Fees</b>			
Akerman Senterfitt & Eidson PA	Special Counsel	60	545
Curtis, Mallet-Provost, Colt & Mosle LLP	Litigation Counsel	177	4,943
Dechert LLP	Special Counsel	-	226
Epiq Bankruptcy Solutions LLC	Claims Management and Noticing Agent	459	2,863
Kirkland & Ellis LLP	Special Counsel - Tax and International Matters	51	749
Jones Day	Litigation Counsel	624	6,554
Jones & Keller, P.C.	Special Counsel - RMBS	1,233	8,377
Milbank Tweed Hadley & McCloy LLP	UCC Litigation Committee and Litigation Counsel	21	2,129
Paul, Hastings, Janofsky & Walker LLP	Special Counsel - Real Estate	5	566
Quinn Emanuel Urquhart Oliver & Hedges, LLP	Litigation Counsel	2,236 (b)	18,448
Recovco Mortgage Management LLC	RMBS - Private Label And Downstream Litigations	3,163	16,249
Skadden, Arps, Slate, Meagher & Flom LLP	Special Counsel - Tax, Litigation, Other, and BOD counsel	38	780
Weil Gotshal & Manges LLP	Lead Counsel - Debtors	1,568 (b)	19,921
Willkie Farr & Gallagher LLP	Special Counsel - RMBS	639	3,858
Wollmuth Maher & Deutsch LLP	Special Counsel - Derivatives and RMBS	467	5,714
US Trustee Quarterly Fees		-	539
Other Professionals	Various	2,041 (c)	25,230
Sub-total Professional Fees		12,782	117,702
<b>Total Professional Fees (including A&amp;M)</b>		<b>14,342</b>	<b>134,296</b>
Alvarez & Marsal LLC	Incentive fees	6,786 (d)	15,887
Houlihan Lokey Howard & Zukin Capital Inc.	Incentive fees	1,357 (d)	3,177
<b>Total Incentive Fees</b>		<b>8,144</b>	<b>19,064</b>
<b>Total Professional and Incentive Fees</b>		<b>\$ 22,486</b>	<b>153,360</b>

(a) The Company has incurred additional professional fee expenses that will be reflected in future Operating Reports.

(b) Reflects professional fees incurred for multiple months.

(c) Other Professionals reflect disbursements, including expert witnesses fees, to over 100 vendors.

(d) Reflects incentive fees related to the Eighth Distribution to holders of Allowed Claims. Refer to Docket No. 32470 and Docket No 32155 for additional information on Alvarez & Marsal and Houlihan Lokey incentive fees, respectively.